

**ILLINOIS DEPARTMENT OF INSURANCE
MEDICAL MALPRACTICE REPORTING
EXHIBIT 2B RESERVE STUDY**

1. PROVIDE A GENERAL DESCRIPTION OF THE ACTUARIAL METHODOLOGIES USED TO DETERMINE AND MONITOR CARRIED LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES FOR THE MEDICAL MALPRACTICE BUSINESS WRITTEN, INCLUDING FREQUENCY OF REVIEWS.

PICA's internal actuary monitors carried reserves on a quarterly basis and communicates findings to the independent opining actuary. At year end, the independent opining actuary performs his own analysis to make sure that carried reserves are appropriate. Both actuaries are Fellows of the Casualty Actuarial Society and perform their duties using sound actuarial procedures including the utilization of four methodologies in the estimation of loss and loss expense reserves.

2. DISCUSS THE ADEQUACY OF MEDICAL MALPRACTICE LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES AS OF THE MOST RECENT YEAR-END AND IDENTIFY AND DESCRIBE ANY MATERIAL CHANGES IN THE PAST FIVE YEARS IN AMOUNTS OF CARRIED RESERVES AND IN RESERVING METHODS. IF A MATERIAL UNFAVORABLE TREND EXISTS, INDICATE WHAT ACTIONS WERE TAKEN TO ADDRESS THIS ISSUE. IDENTIFY THE MATERIALITY STANDARD USED TO RESPOND TO THIS QUESTION AND PROVIDE THE BASIS FOR THIS STANDARD.

Both PICA's independent opining actuary and actuaries for PICA's independent auditor have determined that PICA's carried reserves at year end 2006 are adequate. No material changes have occurred the last five years in regards to reserving methods.

3. COMPARE COMPANY TRENDS TO INDUSTRY TRENDS, WITH REGARDS TO THE MEDICAL MALPRACTICE LINE OF BUSINESS AND INCLUDE INFORMATION ABOUT THE SPECIFIC BUSINESS WRITTEN BY THE COMPANY AND, IF NECESSARY, REASONS WHY COMPANY TRENDS ARE DIFFERENT FROM THE INDUSTRY.

PICA's loss and loss adjustment expense trends are consistent with the medical malpractice industry as a whole. Like other companies, PICA is observing a slightly negative frequency trend and a small positive severity trend. The combined loss cost trend is slightly positive but lower than that of most medical malpractice companies due to PICA's lower exposure to claims resulting from catastrophic medical errors.

**ILLINOIS DEPARTMENT OF INSURANCE
MEDICAL MALPRACTICE REPORTING
EXHIBIT 2B SURPLUS STUDY**

1. PROVIDE A GENERAL DISCUSSION REGARDING THE ADEQUACY OF SURPLUS REPORTED ON ANNUAL STATEMENT, PAGE 3 (LIABILITIES, SURPLUS AND OTHER FUNDS), LINE 35, SURPLUS AS REGARDS POLICYHOLDERS, AS OF THE LAST YEAR-END.

Surplus increased \$11.6 million (19.1%) due primarily to \$8.6 million in net income and \$1.7 million decrease in non-admitted assets primarily deferred tax asset and EDP equipment and software. The non-admitted assets continue to decrease as the larger software items are amortized.

PICA's total adjusted capital of \$72.6 million, compared with its RBC requirement of \$11.9 million is well above the required minimum.

2. IDENTIFY AND DESCRIBE ANY MATERIAL EVENTS OR KNOWN MATERIAL TRENDS, FAVORABLE OR UNFAVORABLE, IN THE INSURER'S SURPLUS ACCOUNT IN THE PAST FIVE YEARS. THE DESCRIPTION SHOULD INCLUDE ANY SIGNIFICANT CHANGES IN THE SURPLUS RATIOS SHOWN ON EXHIBIT A. IF A MATERIAL UNFAVORABLE TREND EXISTS, INDICATE THE COURSES OF REMEDIAL ACTIONS ALREADY TAKEN OR THAT ARE AVAILABLE TO THE INSURER AND THE EFFECTS OR POTENTIAL EFFECTS OF EACH. IDENTIFY THE MATERIALITY STANDARD USED TO RESPOND TO THIS ITEM AND PROVIDE THE BASIS FOR THIS STANDARD.

There have been no material events or known material trends, favorable or unfavorable, in the company's surplus account in the past five years.

**ILLINOIS DEPARTMENT OF INSURANCE
MEDICAL MALPRACTICE REPORTING**

THE CONSULTING ACTUARIAL REPORT AND DATA SUPPORTING THE COMPANY'S RATE FILING SHALL BE INCLUDED IN FILE 4, AS REFERENCED IN APPENDIX B. EACH COMPANY SHALL FILE THE ACTUARIAL REPORT PROVIDING JUSTIFICATION AND DATA SUPPORTING THE MOST RECENT MEDICAL MALPRACTICE RATE FILING.

Attached is a copy of PICA's most recent Illinois rate filing which became effective in April 2007. In the State of Illinois, the company writes medical malpractice coverage for podiatrists only; therefore, the attached filing contains actuarial data specific to the podiatric specialty.

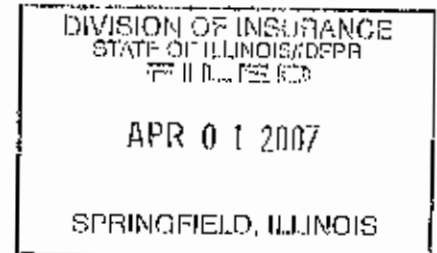


February 9, 2007

Ms. Gayle Neuman
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767



RL Podiatry Insurance Company of America a Mutual Company
NAIC Group# 3504 - NAIC Company# 14460 - FEIN# 58-1403235
Line 11.1-Medical Malpractice-Claims Made Only
Podiatrist Professional Liability Program
2007 Revised Rate Filing w/currently approved rules
Company Filing Number: IL-758-P
Proposed Effective Date: April 1, 2007



Dear Ms. Neuman:

We are submitting for your approval revisions to the currently approved rates for the above referenced program. The last revision of the rates currently approved for the program were approved under SERT-Tracking SERT-6FPRJK486/00-00/00-00/00 with an effective date of 4/1/2006. The currently approved rules for the program were approved under SRRFF Tracking SERT-6FPRJK486/00-00/00-00/00 with an implementation date of 2/1/2007. We currently have a revised rule filing, IL-823-P, pending your approval which includes adding a group discount and minor revisions to the extended reporting period coverage as requested by your department. There are no additional revisions to the rules being proposed under this filing.

With this filing, we are requesting a rate change of -5.0%. Our request is based upon the attached exhibits prepared by our Chief Actuary, John E. Daniel, FCAS, MAAA, whose Actuarial Memorandum is also enclosed to provide a more detailed explanation with respect to the materials being filed.

In addition, we are submitting the following:

- Two copies of the Cover Letter and a postage paid self addressed return envelope for the return of one copy of the Cover Letter with your stamp of approval.
- For your advisement, we are including a copy of the currently approved PICA Podiatric Rating Manual Ed. 1-05 and Illinois supplement. All changes have been effected via the Illinois Rating Manual Supplement. The currently approved Illinois supplement is Ed. 1-07 (effective 2/1/2007).
- We affirm that the Company does not unfairly discriminate in offering, administering, or applying the filed rating manual and/or any amended provisions. Certification by a company officer is included.
- The Illinois Dual Certification as required.
- Two copies of Illinois Form RF-3 as required.
- Proposed 2007 Rates for each Illinois Territory.
- 2006 Rates for each Illinois Territory with all revisions marked.
- A completed Illinois Review Requirements Checklist.

Brenda G. Crawford • Regulatory Affairs Coordinator
110 Westwood Place • Brentwood, TN 37027
1-800-251-5727 or 615-371-8776 x. 2150 • Fax 615-370-4803 • bcrawford@picagroup.com

Page -2-
Ms. Gayle Neuman
Illinois Department of Insurance
February 9, 2007

Please do not hesitate to contact me if you need any additional information. Your review and consideration is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Brenda G. Crawford".

Brenda G. Crawford
Regulatory Affairs Coordinator
1-800-251-5727 Ext 2150

Enclosures

ILLINOIS FORM RF-3

50 Ill. Adm. Code 754 Exhibit A Summary sheet (Form RF-3)

§ 751, Exhibit A Summary sheet (Form RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by this revision effective

April 1, 2007

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1 Automobile Liability Private		
Passenger		
Commercial		
2 Automobile Physical Damage		
Private Passenger		
Commercial		
3 Liability Other Than Auto		
Burglary and Theft		
4 Glass		
5 Fidelity		
6 Surety		
8 Boiler and Machinery		
9 Fire		
10 Extended Coverage		
11 Inland Marine		
12 Homeowners		
13 Commercial Multi-Peril		
14 Crop Hail		
15 Worker's Compensation		
16 Other: <u>Podiatric Malpractice</u>	\$6,521,838 (2005 Direct Written Premium)	-5%
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: This filing applies to all territories in Illinois and Podiatric rates only.Brief description of filing. (If filing follows rates of an advisory organization, specify organization) This is a revised rate filing requesting a -5% decrease in Podiatric Professional Liability rates.

*Adjusted to reflect all prior rate changes

**Change in Company's premium level which will result from application of new rates

Name of Company Podiatry Insurance Company of America a Mutual CompanyOfficial - Title John E. Daniel
John E. Daniel, FCAS, MAAA
Chief Actuary

Authority:-- Implementing Articles VII-A and XXVI of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 735A) and authorized by Section 401(a) of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 401)

HISTORY Filed September 9, 1975, effective September 30, 1975, certified at 7 Ill. Reg. 3458

CROSS REFERENCE 215 ILCS 5/401

DOCUMENT ID IL REGS RG 50 Ill. Adm. Code 754 Exhibit A

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
RECEIVED

FEB 14 2007

SPRINGFIELD, ILLINOIS

Brenda Crawford

From: Neuman, Gayle [Gayle.Neuman@Illinois.gov]
Sent: Thursday, May 03, 2007 2:30 PM
To: Brenda Crawford
Subject: RE: PICA Rate Filing # IL-758-P

I printed it out, and walked down to Pam's office - it has been inserted in the red file.

From: Brenda Crawford [mailto:BCrawford@picagroup.com]
Sent: Thursday, May 03, 2007 11:55 AM
To: Anderson, Julie
Cc: Neuman, Gayle
Subject: RE: PICA Rate Filing # IL-758-P

Ms. Anderson,

Thanks for noticing this discrepancy. We are requesting a 5% decrease and have corrected our April 11, 2007 response letter. The maximum decrease for a single policy remains at \$1,627.

Thanks,
Brenda Crawford
Regulatory Affairs Coordinator
The PICA Group
110 Westwood Place
Brentwood, TN 37027
Phone: 615-371-8776 Ext. 2150
Fax: 615-370-4803

-----Original Message-----

From: Anderson, Julie [mailto:Julie.A.Anderson2@Illinois.gov]
Sent: Thursday, May 03, 2007 9:24 AM
To: Brenda Crawford
Cc: Neuman, Gayle
Subject: RE: PICA Rate Filing # IL-758-P

Ms. Crawford,

We notice in Item 8 of your response that it states that all policies will receive the same 5% **increase**. Should that say **decrease** since this filing has a proposed effect of -5%?

Thank you.

Julie Anderson, ACAS, MAAA
Associate Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-6421
Fax: 217-524-2271

5/22/2007

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From: Brenda Crawford [mailto:BCrawford@picagroup.com]
Sent: Thursday, April 12, 2007 6:20 PM
To: Anderson, Julie
Cc: Neuman, Gayle
Subject: RE: PICA Rate Filing # IL-758-P

Ms. Anderson,

Attached please find our letter of response and supporting exhibits as prepared by Mr. John E. Daniel, our Chief Actuary.

Please let us know if you have any other questions. We appreciate your continued review.

Brenda Crawford
Regulatory Affairs Coordinator
The PICA Group
110 Westwood Place
Brentwood, IN 47027
Phone: 615-371-8776 Ext. 2150
Fax: 615-370-4803

-----Original Message-----

From: Anderson, Julie [mailto:Julie.A.Anderson2@illinois.gov]
Sent: Monday, April 02, 2007 3:06 PM
To: Brenda Crawford
Cc: Neuman, Gayle
Subject: PICA Rate Filing # IL-758-P

Ms. Crawford,

I have conducted my initial review of the above referenced rate filing. Before I can complete my review, I have a few questions/items needing more information as follows.

1. Please provide actuarial support for the General Administrative Expense ratio shown in Table 1.
2. The General Administrative Expense ratio has decreased dramatically from the last rate change. Please explain.
3. In reference to question 2, does PICA utilize methods to prevent sharp fluctuations from one year to another, such as averaging multiple years' ratios?
4. Please provide actuarial support for the profit and contingencies load of 5% shown in Table 1.
5. Please provide actuarial support for the investment income percentage shown in Table 1.
6. How many policies currently receive a schedule rating credit? How many receive debits?
7. How many policies receiving credits or debits currently receive the maximum?

5/22/2007

8. What is the maximum increase and decrease to a given policyholder as a result of this change? Please provide both a percentage and a dollar amount.
9. What is the average premium charged to a policyholder for this program?

Thank you. Please provide your answers directly to me by April 16, 2007

Have a great day!

Julie Anderson, ACAS
Associate Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone 217-524-5421
Fax: 217-524-2271

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5/22/2007



April 11, 2007

Julie Anderson, ACAS
Associate Casualty Actuary
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, Illinois 62767

Re: Company Rate Filing # IL-758-P

Dear Ms. Anderson

This letter is written in response to your inquiry of 4/2/2007. The various items you requested are listed below.

Item 1): Actuarial support for the General Administrative Support ratio is provided in the attached Appendix, Exhibit 1

Item 2): The reason for the drop in the General Administrative Expense ratio is the shift of the OUM business formerly assumed under a 50% quota share agreement from Gulf Insurance Company to Direct business. We are providing the same administrative and claims adjusting services but no longer splitting the premium.

Item 3): PICA has historically used averages over several years but does not believe that this is appropriate any longer due to the increase in Direct premium mentioned above.

Item 4): The profit and contingencies load shown in Table 1 is not derived actuarially. It is selected by PICA management to achieve a combined ratio of 95%. PICA management believes that this ratio is appropriate for maintaining the solvency of the company.

Item 5): Actuarial support for the investment income percentage shown in Table 1 can be found in the attached Appendix, Exhibit 2

Item 6): Under a separate pending rule filing (IL-823-P), PICA has filed a group discount rule. This discount was previously applied under the schedule rating rule which has now been removed from the PICA Pod Rating Manual effective 2/1/2007. As of 4/1/2007, PICA has 27 policyholders receiving this group discount. As per the proposed rule 9% will be the maximum group discount. There are no policyholders receiving a debit.

Item 7): As stated in item 6., PICA has removed schedule rating from the PICA Pod Rating Manual but requested the inclusion of a group discount rule. The group discount is the only use/application of a credit under the previous schedule rating rule. Under the previous schedule rating provision, there was reference to a combined maximum credit or debit of 25%; however, the maximum credit (discount) will be 9% for the group discount.

Item 8): All policies will receive the same 5% decrease. The maximum decrease in dollars for a single policy is \$1,627.

Item 9): The average premium charged is \$9,439.

Please let me know if you have any additional questions.

Sincerely,

John E. Daniel

John E. Daniel, FCAS, MAAA
Chief Actuary, The PICA Group

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit 1

DERIVATION OF COUNTRY WIDE EXPENSE LOADINGS

A. DOLLARS OF EXPENSE

	2001	2002	2003	2004	2005	Total
(1) General Administrative Expense	6,197,817	11,429,657	9,504,460	12,310,795	10,515,632	49,958,361
(2) ULAE	2,305,172	2,858,452	2,702,319	3,644,681	3,939,008	15,449,642
(3) Direct Earned Premium	24,895,093	31,277,508	42,120,745	50,341,950	59,563,904	209,289,173

B. EXPENSE LOADING

	2001	2002	2003	2004	2005	Total	Selected Expense Loadings
(4) General Administrative Expense	24.80%	36.54%	22.56%	24.17%	17.54%	23.87%	17.52%
(5) ULAE	9.22%	9.14%	6.42%	7.15%	6.57%	7.38%	5.76%

Notes:

- (1) From PICA's Annual Statements.
- (2) From PICA's Annual Statements.
- (3) From PICA's Annual Statements.
- (4) = (1)/(3)
- (5) = (2)/(3)

Selected Expense Loadings reflect the shift of OUM premium from Assumed to Direct for 2008

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit 2

ESTIMATION OF INVESTMENT INCOME

(1) Discount Rate =		5.0%		
Year of Payment	Paid Loss + ALAE Development Factor	Cumulative Percent of Losses Paid	Incremental Percent of Losses Paid	Discounted Incremental Percent of Losses Paid
(2)	(3)	(4)	(5)	(6)
1	10.033	9.97%	9.97%	9.73%
2	2.148	46.55%	36.59%	34.01%
3	1.327	75.36%	28.80%	25.50%
4	1.117	89.53%	14.17%	11.94%
5	1.049	95.33%	5.80%	4.86%
6	1.006	99.40%	4.07%	3.12%
7	1.000	100.00%	0.60%	0.43%
8	1.000	100.00%	0.00%	0.00%
9	1.000	100.00%	0.00%	0.00%
			100.00%	89.38%
(7) Investment Income as Percent of Losses =				10.62%
(8) Expected Loss Ratio =				55.80%
(9) Investment Income as Percent of Premium =				5.93%
(10) Investment Income Offset =				-5.93%

Notes.	
(3)	Cumulative factors from Appendix, Exhibit 5.
(4)	= 100.00% / (3)
(5)	= [(4) - (4) for prior year]
(6)	= (5) / {[100.00% + (1)] ^ (2 - 0.5)}
(7)	= Total (5) - Total (6)
(8)	From Column (4) of Appendix, Exhibit 9
(9)	= (7) * (8)
(10)	= Additive Inverse of (9)

From: Anderson, Julie [Julie.A.Anderson2@illinois.gov]
Sent: Monday, April 02, 2007 3:06 PM
To: Brenda Crawford
Cc: Neuman, Gayle
Subject: PICA Rate Filing # IL-758-P
Ms. Crawford,

I have conducted my initial review of the above referenced rate filing. Before I can complete my review, I have a few questions/items needing more information as follows:

1. Please provide actuarial support for the General Administrative Expense ratio shown in Table 1.
2. The General Administrative Expense ratio has decreased dramatically from the last rate change. Please explain.
3. In reference to question 2, does PICA utilize methods to prevent sharp fluctuations from one year to another, such as averaging multiple years' ratios?
4. Please provide actuarial support for the profit and contingencies load of 5% shown in Table 1.
5. Please provide actuarial support for the investment income percentage shown in Table 1.
6. How many policies currently receive a schedule rating credit? How many receive debits?
7. How many policies receiving credits or debits currently receive the maximum?
8. What is the maximum increase and decrease to a given policyholder as a result of this change? Please provide both a percentage and a dollar amount.
9. What is the average premium charged to a policyholder for this program?

Thank you. Please provide your answers directly to me by April 16, 2007.

Have a great day!

Julie Anderson, ACAS
Associate Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-5421
Fax: 217-524-2271

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May 22, 2007

Ms. Gayle Neuman
Illinois Department of Insurance
320 West Washington Street
Springfield Illinois 62767

RE: Podiatry Insurance Company of America a Mutual Company
NAIC Group# 3504 - NAIC Company# 14460 - FEIN# 58-1403235
Line 11.1-Medical Malpractice-Claims Made Only
Podiatrist Professional Liability Program
2007 Revised Rate Filing w/currently approved rules
Company Filing Number: IL-758-P
Proposed Effective Date April 1, 2007

Dear Ms. Neuman:

We are submitting for your approval revisions to the currently approved rates for the above referenced program. The last revision of the rates currently approved for the program were approved under SERFF Tracking SERT-6FPRJK486/00-00/00-00/00 with an effective date of 4/1/2006. The currently approved rules for the program were approved under SERFF Tracking SERT-6FPRJK186/00-00/00-00/00 with an implementation date of 2/1/2007. We currently have a revised rule filing IL-823-P, pending your approval which includes adding a group discount and minor revisions to the extended reporting period coverage as requested by your department. There are no additional revisions to the rules being proposed under this filing.

With this filing, we are requesting a rate change of -5.0%. Our request is based upon the attached exhibits prepared by our Chief Actuary, John E. Daniel, FCAS, MAAA, whose Actuarial Memorandum is also enclosed to provide a more detailed explanation with respect to the materials being filed.

In addition, we are submitting the following:

- Two copies of the Cover Letter and a postage paid self addressed return envelope for the return of one copy of the Cover Letter with your stamp of approval
- For your advisement, we are including a copy of the currently approved PICA Podiatric Rating Manual Ed. 1-05 and Illinois supplement. All changes have been effected via the Illinois Rating Manual Supplement. The currently approved Illinois supplement is Ed. 1-07 (effective 2/1/2007).
- We affirm that the Company does not unfairly discriminate in offering, administering, or applying the filed rating manual and/or any amended provisions. Certification by a company officer is included.
- The Illinois Dual Certification as required.
- Two copies of Illinois Form RF-3 as required
- Proposed 2007 Rates for each Illinois Territory
- 2006 Rates for each Illinois Territory with all revisions marked
- A completed Illinois Review Requirements Checklist

Brenda G. Crawford • Regulatory Affairs Coordinator
110 Westwood Place • Brentwood, TN 37027
1-800-251-5727 or 615-371-8776 x. 2150 • Fax 615-370-1803 • bcrawford@picagroup.com

Page -2-
Ms. Gayle Neuman
Illinois Department of Insurance
February 9, 2007

Please do not hesitate to contact me if you need any additional information. Your review and consideration is appreciated.

Sincerely,

Brenda G. Crawford
Regulatory Affairs Coordinator
1-800-251-5727 Ext. 2150

Enclosures

Brenda G. Crawford • Regulatory Affairs Coordinator
110 Westwood Place • Brentwood, TN 37027
1-800-251-5727 or 615-371-8776 x. 2150 • Fax 615-370-4803 • bcrawford@picagroup.com

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Janet C. Fox, a duly authorized officer of Podiatry Insurance Company of America, a Mutual Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, John L. Daniel, FCAS, MAAA, a duly authorized actuary of Podiatry Insurance Company of America, a Mutual Company, am authorized to certify on behalf of Podiatry Insurance Company of America, a Mutual Company, making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Janet C. Fox
Signature and Title of Authorized Insurance Company Officer
Date 2-2-11

John L. Daniel
Signature, Title and Designation of Authorized Actuary
Date 2-2-11

Insurance Company EIN 58-1403235 Filing Number 11-18-P

Insurer's Address 110 Westwood Place

City Brentwood State TN Zip Code 37027

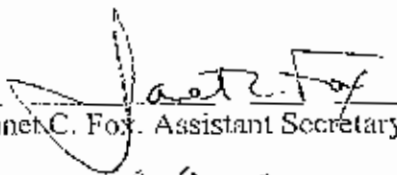
Contact Person's:

-Name and E-mail Brenda G. Crawford bcrawford@picagroup.com

-Direct Telephone and Fax Number 1-800-251-5727 x.2150 Fax 615-370-4803

CERTIFICATION

I, Janet C. Fox, a duly authorized officer of
Podiatry Insurance Company of America a Mutual Company,
am authorized to certify on behalf of the Company making this filing that the company
does not unfairly discriminate in offering or administering this program.



Janet C. Fox, Assistant Secretary
2-8-07

Date

Insurance Company FEIN 58-1403235 Filing Number IL-758-P
Insurer's Address 110 Westwood Place
City Brentwood State IN Zip Code 37027
Contact Person's:
-Name and E-mail Brenda G. Crawford bcrawford@picagroup.com
-Direct Telephone and Fax Number 1-800-231-5727 x. 2150 Fax: 615-370-1803

ILLINOIS FORM RF-3

50 Ill. Adm. Code 751 Exhibit A Summary sheet (Form RF-3)

§ 754 Exhibit A Summary sheet (Form RF-3)

SUMMARY SHEETChange in Company's premium or rate level produced by rate revision effective April 1, 2007

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability Private		
Passenger		
Commercial		
2. Automobile Physical Damage		
Private Passenger		
Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Pertl		
14. Crop Hail		
15. Worker's Compensation		
16. Other <u>Podiatric Professional Liability</u>	\$6,521,838 (2005 Direct Written Premium)	-5%
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: This filing applies to all territories in Illinois and Podiatric rates onlyBrief description of filing (If filing follows rates of an advisory organization, specify organization) This is a revised rate filing requesting a -5% decrease in Podiatric Professional Liability rates

* Adjusted to reflect all prior rate changes.

** Change in Company's premium level which will result from application of new rates.

Name of Company Podiatry Insurance Company of America a Mutual Company

Official Title

John E. Daniel
John E. Daniel, FCAS, MAAA
Chief Actuary

Authority -- Implementing Articles VII-A and XXVI of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 73.5A) and authorized by Section 401(a) of the Illinois Insurance Code (Ill. Rev. Stat. 1989, ch. 73, par. 1013)

HISTORY Filed September 9, 1975, effective September 30, 1975; codified at 7 Ill. Reg. 3458

CROSS REFERENCE 215 ILCS 5/401

DOCUMENT ID IL REGS RG 50 Ill. Adm. Code 754 Exhibit A

Podiatry Insurance Company of America
2007 Podiatric Rates
Illinois Territory 01 - All counties except Cook

Sole Podiatrist

Limits (Each limit)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$1,762	\$2,565	\$2,643	\$3,848	\$3,745	\$5,451	\$4,406	\$6,413
200/600	\$2,115	\$3,078	\$3,172	\$4,618	\$4,494	\$6,542	\$5,287	\$7,696
250/750	\$2,273	\$3,309	\$3,410	\$4,964	\$4,831	\$7,032	\$5,684	\$8,273
500/1000	\$2,467	\$3,591	\$3,701	\$5,387	\$5,243	\$7,631	\$6,168	\$8,978
500/1500	\$2,538	\$3,694	\$3,807	\$5,541	\$5,393	\$7,850	\$6,344	\$9,235
1000/1000	\$2,732	\$3,976	\$4,097	\$5,964	\$5,804	\$8,449	\$6,829	\$9,940
1000/3000	\$2,996	\$4,361	\$4,494	\$6,511	\$6,366	\$9,267	\$7,490	\$10,902

Podiatry Insurance Company of America
2007 Podiatric Rates
Illinois Territory 02 - Cook county only

Sole Podiatrist

Limits (000 omitted)	Claims Made							
	1st Year		2nd Year		3rd Year		4th Year	
	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical	Non-surg.	Surgical
100/300	\$2,777	\$4,042	\$4,165	\$6,063	\$5,901	\$8,589	\$6,942	\$10,105
200/600	\$3,332	\$4,850	\$4,998	\$7,276	\$7,081	\$10,307	\$8,331	\$12,126
250/750	\$3,582	\$5,214	\$5,373	\$7,821	\$7,612	\$11,080	\$8,955	\$13,035
500/1000	\$3,888	\$5,659	\$5,831	\$8,488	\$8,261	\$12,025	\$9,719	\$14,147
500/1500	\$3,999	\$5,820	\$5,998	\$8,731	\$8,497	\$12,368	\$9,997	\$14,551
1000/1000	\$4,304	\$6,265	\$6,456	\$9,398	\$9,146	\$13,314	\$10,760	\$15,663
1000/3000	\$4,721	\$6,872	\$7,081	\$10,307	\$10,032	\$14,602	\$11,802	\$17,179



ACTUARIAL MEMORANDUM
PODIATRY INSURANCE COMPANY OF AMERICA (PICA)
2007 ILLINOIS PODIATRIC RATE INDICATION

Enclosed are exhibits to support PICA's proposed statewide average podiatric rate change of -5.00% (Table 1, Line 20) in Illinois. The point estimate indicated rate change is -4.84% (Table 1, Line 19). The selected rate change reflects PICA management's consideration of underwriting, legislative, and marketing issues.

It is my belief that the attached Tables and Exhibits indicate that the proposed rate change is not inadequate, excessive, or unfairly discriminatory. If you have any questions concerning these Tables and Exhibits, please call me at (615) 984-2030 or email me at jdaniel@picagroup.com.

Sincerely,

John E. Daniel

John E. Daniel, FCAS, MAAA
Chief Actuary
The PICA Group

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS
Table 1

INDICATED RATE CHANGE FOR 2007

Expense Item	Percentage of Written Premium
(1) General Administrative Expense	17.52%
(2) Profit and Contingencies	5.00%
(3) Investment Income	-5.92%
(4) Taxes, Licenses and Fees	0.50%
(5) Total	17.10%
(6) Target Loss & LAE Ratio	82.90%
(7) Loss + ALAC	45.81%
(8) ULAE	5.76%
(9) Death, Disability, and Retirement Loading	5.00%
(10) Total Loss & LAE	56.57%
(11) Indicated Rate Change	-31.76%
(12) Annual Loss Cost Trend Factor	1.048
(13) Beginning of Trend Period	4/1/2006
(14) Ending of Trend Period	4/1/2008
(15) Length of Trend Period in Years	2.00
(16) Trend Factor Since Last Filing	1.094
(17) Complement of Credibility for Rate Change	9.40%
(18) Credibility Factor	34.60%
(19) Credibility Weighted Indicated Rate Change	-4.84%
(20) Selected Rate Change	-5.00%

Notes
(1) From Section B of Appendix, Exhibit 1
(2) Selected by PICA management
(3) Item (10) from Appendix, Exhibit 2
(4) Based on actual state tax rates.
(5) = Sum of (1) through (4)
(6) = 100.00% - (5)
(7) Item (10) from Table 5
(8) From Section B of Appendix, Exhibit 1
(9) Weighted Average of Column (9) of Appendix, Exhibit 3
(10) = Sum of (7) through (9)
(11) = (10) / (6) - 100.00%
(12) Item (13) from Appendix, Exhibit 7
(13) Effective date of most recent filing
(14) One year beyond requested effective date of this filing
(16) = (12) ^ (15)
(17) = (16) - 100.00%
(18) Item (4) from Appendix, Exhibit 4
(19) = (11) * (18) + (17) * [100.00% - (18)]
(20) Selected by PICA management

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Table 2

**ESTIMATION OF STATE ULTIMATE INCURRED LOSSES & ALAE
USING LOSS DEVELOPMENT METHODS**

A. PAID LOSS DEVELOPMENT METHOD

Report Year	Total Paid Loss and ALAE as of 12/31/2005	Paid Loss + ALAE Development Factor	Estimated Ultimate Loss + ALAE
(1)	(2)	(3)	(4)
2001	187,742	1.049	196,941
2002	1,149,753	1.117	1,284,274
2003	383,878	1.327	509,406
2004	183,895	2.148	395,006
2005	43,174	10.033	433,165
	<u>1,948,442</u>		<u>2,818,792</u>

B. REPORTED LOSS DEVELOPMENT METHOD

Report Year	Total Reported Loss and ALAE as of 12/31/2005	Reported Loss+ALAE Development Factor	Estimated Ultimate Loss + ALAE
(5)	(6)	(7)	(8)
2001	292,742	1.000	292,742
2002	1,627,525	1.012	1,647,055
2003	2,161,152	1.034	2,234,631
2004	1,295,037	1.083	1,402,525
2005	1,138,746	1.542	1,755,946
	<u>6,515,202</u>		<u>7,332,899</u>

Notes.

- (2) Direct Paid Losses for all Illinois podiatrists insured by PICA
- (3) Cumulative factors from Appendix, Exhibit 5.
- (4) = (2) * (3)
- (6) Direct Reported Losses for all Illinois podiatrists insured by PICA
- (7) Cumulative factors from Appendix, Exhibit 6
- (8) = (6) * (7)

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS
Table 3

**ESTIMATION OF STATE ULTIMATE INCURRED LOSSES & ALAE
USING BORNHUETTER-FERGUSON METHODS**

A INITIAL EXPECTED LOSSES AND ALAE

Report Year	Direct Earned Premium	Initial Expected Loss+ALAE Ratio	Initial Expected Ultimate Loss + ALAE
(1)	(2)	(3)	(4)
2001	1,128,567	83.20%	930,968
2002	1,456,196	82.10%	1,195,537
2003	3,636,002	75.10%	2,730,838
2004	5,105,575	70.20%	3,584,114
2005	6,054,240	67.30%	4,074,504
	17,380,580		12,523,761

B PAID BORNHUETTER-FERGUSON METHOD

Report Year	Initial Expected Ultimate Loss+ALAE	Paid Loss+ALAE Development Factor	Expected Percent of Loss+ALAE Unpaid	Expected Loss+ALAE Unpaid	Paid Loss+ALAE as of 12/31/05	Estimated Ultimate Loss+ALAE
(5)	(6)	(7)	(8)	(9)	(10)	(11)
2001	930,968	1.049	4.67%	43,860	187,742	231,592
2002	1,195,537	1.117	10.47%	125,173	1,149,753	1,274,026
2003	2,730,838	1.327	24.64%	672,829	303,878	1,056,707
2004	3,584,114	2.148	53.45%	1,915,709	183,895	2,009,604
2005	4,074,504	10.033	90.05%	3,660,276	43,174	3,711,450
	12,523,761			6,425,837	1,948,442	8,374,279

C REPORTED BORNHUETTER-FERGUSON METHOD

Report Year	Initial Expected Ultimate Loss+ALAE	Reported Loss+ALAE Development Factor	Expected Percent of Loss+ALAE Unreported	Expected Loss+ALAE Unreported	Reported Loss + ALAE as of 12/31/05	Estimated Ultimate Loss+ALAE
(12)	(13)	(14)	(15)	(16)	(17)	(18)
2001	938,968	1.000	0.00%	0	292,742	292,742
2002	1,195,537	1.012	1.19%	14,227	1,627,525	1,641,752
2003	2,730,838	1.034	3.29%	89,838	2,101,152	2,250,990
2004	3,584,114	1.083	7.68%	274,543	1,295,037	1,569,580
2005	4,074,504	1.542	35.15%	1,432,188	1,138,746	2,570,834
	12,523,761			1,810,796	6,515,202	8,325,998

Notes:

- | | |
|------|--|
| (2) | Direct earned premium for all Illinois podiatrists insured by PIGA |
| (4) | = (2) * (3) |
| (7) | From Column (3) of Table 2 |
| (8) | = 100.00% - [100.00% / (7)] |
| (9) | = (6) * (8) |
| (10) | From Column (2) of Table 2 |
| (11) | = (9) + (10) |
| (14) | From Column (7) of Table 2. |
| (15) | = 100.00% - [100.00% / (14)] |
| (16) | = (13) * (15) |
| (17) | From Column (6) of Table 2. |
| (18) | = (16) + (17) |

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS
Table 4**

**DEVELOPMENT OF INCURRED LOSSES
TRENDED TO A 2007 COST LEVEL**

A. SELECTION OF PICA ESTIMATED INCURRED LOSSES & ALAE

Report Year	Estimated Ultimate Loss + ALAE				Selected
	Paid Loss Development Method	Reported Loss Development Method	Paid Bornhuetter- Ferguson Method	Reported Bornhuetter- Ferguson Method	
(1)	(2)	(3)	(4)	(5)	(6)
2001	196,941	292,742	231,592	292,742	253,504
2002	1,284,274	1,647,055	1,274,926	1,641,752	1,462,002
2003	509,406	2,234,631	1,056,707	2,250,990	1,512,934
2004	395,006	1,402,525	2,099,604	1,569,580	1,834,592
2005	433,155	1,755,946	3,711,150	2,570,934	3,141,192
	2,818,792	7,332,899	8,374,279	8,325,998	8,204,224

B. TRENDING OF PICA ESTIMATED ULTIMATE INCURRED LOSSES & ALAE

Report Year	Selected Estimated Ultimate Loss+ALAE	4.62% Loss + ALAE Trend Factor	Trended Estimated Ultimate Loss+ALAE
(7)	(8)	(9)	(10)
2001	253,504	1.342	340,202
2002	1,462,002	1.283	1,875,749
2003	1,512,934	1.226	1,854,857
2004	1,834,592	1.172	2,150,142
2005	3,141,192	1.120	3,518,135
	8,204,224		9,739,035

Notes	
(2)	From Column (4) of Section A of Table 2.
(3)	From Column (8) of Section B of Table 2.
(4)	From Column (11) of Section B of Table 3.
(5)	From Column (18) of Section C of Table 3.
(6)	Equal to the average of all four methods for 2001
	Equal to the average of all four methods for 2002
	Equal to the average of all four methods for 2003
	Equal to the average of the Bornhuetter-Ferguson methods for 2004
	Equal to the average of the Bornhuetter-Ferguson methods for 2005
(9)	Based on Item (13) from Appendix, Exhibit 7
(10)	= (8) * (9)

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Table 5

SELECTED STATE ON-LEVEL LOSS AND ALAE RATIO

Report Year	Direct Earned Premium	Premium Adjustment Factor	On-Level Direct Earned Premium	Trended Estimated Ultimate Loss+ALAE	On-Level Loss + ALAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2001	1,128,567	1.752	1,977,249	340,202	17.21%
2002	1,456,196	1.642	2,391,074	1,875,749	78.45%
2003	3,636,002	1.436	5,221,299	1,854,857	35.52%
2004	5,103,575	1.229	6,274,752	2,150,142	34.27%
2005	6,054,240	1.095	6,629,393	3,518,135	53.07%
	17,380,580		22,493,767	9,739,085	43.30%
(7) 5 Yr Wtd Avg =					43.30%
(8) 4 Yr Wtd Avg =					45.81%
(9) 3 Yr Wtd Avg =					45.81%
(10) Selected =					45.81%

Notes:
(2) From Column (2) of Section A of Table 3.
(3) From Column (6) of Appendix, Exhibit 8.
(4) = (2) * (3)
(5) From Column (10) of Section B of Table 4.
(6) = (5) / (4)

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit I

DERIVATION OF COUNTRY WIDE EXPENSE LOADINGS

A. DOLLARS OF EXPENSE

	2001	2002	2003	2004	2005	Total
(1) General Administrative Expense	6,197,817	11,429,557	9,504,460	12,310,795	10,515,632	49,958,361
(2) ULAE	2,305,172	2,858,462	2,702,319	3,644,651	3,939,008	15,449,642
(3) Direct Earned Premium	24,995,066	31,277,508	42,120,745	50,941,950	59,953,904	209,269,173

B. EXPENSE LOADING

	2001	2002	2003	2004	2005	Total	Selected Expense Loadings
(4) General Administrative Expense	24.80%	35.54%	22.55%	24.17%	17.54%	23.87%	17.52%
(5) ULAE	9.22%	9.14%	5.42%	7.15%	5.57%	7.38%	5.76%

Notes.	
(1)	From PICA's Annual Statements
(2)	From PICA's Annual Statements.
(3)	From PICA's Annual Statements
(4)	= (1)/(3)
(5)	= (2)/(3)

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit 2

ESTIMATION OF INVESTMENT INCOME

(1) Discount Rate = 5.0%

Year of Payment	Paid Loss + ALAE Development Factor	Cumulative Percent of Losses Paid	Incremental Percent of Losses Paid	Discounted Incremental Percent of Losses Paid
(2)	(3)	(4)	(5)	(6)
1	10.033	9.97%	9.97%	9.73%
2	2.140	46.55%	36.58%	34.00%
3	1.327	75.36%	28.81%	25.50%
4	1.117	89.53%	14.17%	11.95%
5	1.049	95.33%	5.80%	4.66%
6	1.008	99.40%	4.07%	3.11%
7	1.000	100.00%	0.60%	0.44%
8	1.000	100.00%	0.00%	0.00%
9	1.000	100.00%	0.00%	0.00%
			100.00%	89.39%

(7) Investment Income as Percent of Losses = 10.61%

(8) Expected Loss Ratio = 55.80%

(9) Investment Income as Percent of Premium = 5.92%

(10) Investment Income Offset = -5.92%

Notes
(3) Cumulative factors from Appendix, Exhibit 5
(4) = 100.00% / (3)
(5) = [(4) - (4) for prior year]
(6) = (5) / [(100.00% + (1)) ^ (2 - 0.5)]
(7) = Total (5) - Total (6)
(8) From Column (4) of Appendix, Exhibit 9.
(9) = (7) * (8)
(10) = Additive Inverse of (9)

PODIATRY INSURANCE COMPANY OF AMERICA
Medical Professional Liability
Appendix, Exhibit 3

DERIVATION OF ILLINOIS DEATH, DISABILITY, AND RETIREMENT LOADING

Current Age (1)	Countrywide Insured Count (2)	Percentage of Total Insureds (3)	Projected Illinois Loss and ALAE Ratio (4)	Experience Modification Factor (5)	Expected DD&R Loss and ALAE Ratio (6)	Average Years to Age 85 (7)	Discount Factor From Age 85 (8)	Discounted Expected DD&R Loss and ALAE Ratio (9)
<35	1,218	17.0%	55.8%	55.1%	30.7%	50	3.7%	2.7%
35-39	1,325	18.5%	55.8%	55.1%	30.7%	43	9.6%	2.9%
40-44	1,225	17.1%	55.8%	55.1%	30.7%	43	12.3%	3.8%
45-49	1,103	15.4%	55.8%	55.1%	30.7%	38	15.7%	4.8%
50-54	1,067	14.9%	55.8%	55.1%	30.7%	33	20.0%	5.1%
55-59	552	9.1%	55.8%	55.1%	30.7%	28	25.5%	7.8%
60-64	337	4.7%	55.8%	55.1%	30.7%	23	32.5%	10.0%
65-69	107	1.5%	55.8%	55.1%	30.7%	18	41.6%	12.8%
70-74	57	0.8%	55.8%	55.1%	30.7%	13	53.0%	16.3%
>75	71	1.0%	55.8%	55.1%	30.7%	10	61.4%	19.5%
	7,162	100.0%						5.0%

(10) Discount Rate = 5.0%

Notes	
(4)	From Column (4) of Appendix Exhibit 9.
(5)	Expected relationship of tail experience to non-tail experience.
(5)	= (4) x (5).
(6)	= 1.00 / [(1.00 ÷ (10)) ^ (7)].
(9)	= (6) x (8).
(10)	Investment yield expected to prevail over the life of the payouts

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS
Appendix, Exhibit 4

DERIVATION OF CREDIBILITY FACTOR

Report Year	Reported Claims
(1)	(2)
2001	8
2002	20
2003	36
2004	28
2005	28
	120
(3) Full Credibility.	1000
(4) Credibility Factor.	34.6%

Notes:
(4) = $\{[\text{Total (2)} / (3)] ^ 0.5$

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
 Appendix, Exhibit 5

DERIVATION OF COUNTRY WIDE PAID LOSS DEVELOPMENT FACTORS
PODIATRIST PROFESSIONAL LIABILITY
 (Unlimited Paid Losses Plus ALAE)

Year	Age	12	24	36	48	60	72	84	96	108	120
1987											7,240,132
1988									5,573,375		5,535,243
1989									5,573,999	5,674,131	5,674,131
1990								7,673,455	7,743,809	7,942,757	7,855,626
1991							9,999,340	9,473,252	9,485,718	9,503,241	9,574,880
1992						10,593,317	10,593,317	10,593,317	10,593,317	10,593,317	10,593,317
1993											
1994											
1995											
1996											
1997											
1998											
1999											
2000											
2001											
2002											
2003											
2004											
2005											

Volume Weighted Average of Latest 7	5 to 12	1 559	1 278	1 036	1 055	1 035	1 035	1 005	1 009		
Volume Weighted Average of Latest 5	5 to 9	1 803	1 257	1 099	1 053	1 032	1 008	1 005	1 011		
Volume Weighted Average of Latest 3	4 to 7	1 819	1 186	1 065	1 043	1 006	1 000	1 007	1 013		
Simple Average of Middle 6 of Latest 7 (Average High-Low)	5 to 12	1 303	1 257	1 096	1 053	1 032	1 009	1 000	1 000		
Selected	4 to 7	1 819	1 186	1 065	1 043	1 006	1 000	1 007	1 013		
Cumulative	12 to 12	24 to 12	36 to 12	48 to 12	60 to 12	72 to 12	84 to 12	96 to 12	108 to 12	120 to 12	
	10 033	2 148	1 327	1 117	1 049	1 008	1 000	1 000	1 000	1 000	

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
 Appendix, Exhibit 5

DERIVATION OF COUNTRY WIDE REPORTED LOSS DEVELOPMENT FACTORS
PODIATRIST PROFESSIONAL LIABILITY
 (Unlimited Reported Losses Plus ALAE)

Treaty Year	12	24	36	48	60	72	84	96	108	120
1987										7,340,235
1988									5,765,013	5,707,160
1989								5,715,755	5,384,342	5,684,342
1990							3,499,755	3,470,663	9,231,926	8,581,636
1991							9,977,027	9,594,773	9,613,358	9,575,797
1992						10,366,223	11,057,671	11,051,902	10,921,703	10,318,810
1993					11,402,753	11,231,159	15,359,640	15,293,767	16,352,630	15,363,787
1994				15,915,643	15,117,610	15,693,382	12,967,245	13,081,435	12,859,919	12,858,902
1995			11,996,269	12,390,966	12,363,201	12,604,376	12,957,311	12,381,446	13,217,387	13,217,887
1996		10,337,705	13,321,847	13,314,933	13,115,289	13,215,332	12,836,834	12,917,793	12,758,591	12,739,542
1997		7,762,424	14,331,100	12,313,451	12,055,806	11,753,767	11,559,653	12,836,834	12,917,793	12,758,591
1998		8,242,792	12,943,231	12,261,365	12,853,435	13,037,343	13,230,439	13,022,355	12,823,363	12,831,279
1999		12,474,053	14,734,536	13,892,162	13,374,657	15,628,945	15,454,774	15,391,203	15,394,374	
2000		12,224,520	18,945,374	15,771,375	16,535,299	13,719,344	13,693,889	16,581,989		
2001		13,557,541	18,355,726	16,145,593	19,801,063	19,756,247	19,802,425			
2002		10,651,243	12,969,325	16,193,309	16,582,482	17,136,378				
2003		17,427,552	24,138,894	26,101,069	25,843,553					
2004		16,404,345	27,453,493	30,371,593						
2005		13,771,132	25,981,895							
2006		17,610,531								

Volume Weighted Average of Latest 7

1.409 1.025

Volume Weighted Average of Latest 5

1.424 1.047

Volume Weighted Average of Latest 3

1.475 1.137

Simple Average of Middle 5 of Latest 7 (Average High-Low)

1.409 1.025

Selected

1.424 1.047

Cumulative

1.542 1.083

12 to L/U 24 to L/U 36 to L/U 48 to L/U 60 to L/U 72 to L/U 84 to L/U 96 to L/U 108 to L/U 120 to L/U

1.542 1.083 1.034 1.012 1.000 1.000 1.000 1.000 1.000 1.000

**PODIATRY INSURANCE COMPANY OF AMERICA,
PODIATRIC MEDICAL MALPRACTICE**
Appendix, Exhibit 7

COUNTRYWIDE LOSS TREND ANALYSIS FOR PICA PODIATRISTS

A. Severity Trend Analysis

Report Year	Years of Trend	Selected Ultimate Loss and ALAE	Claim Count	Average Severity	Trend
(1)	(2)	(3)	(4)	(5)	(6)
1996	1	12,739,642	206	61,843	
1997	2	12,831,279	175	73,322	
1998	3	15,394,674	184	83,667	
1999	4	16,561,999	219	75,626	
2000	5	19,802,425	232	85,355	
2001	6	17,211,800	263	65,444	
2002	7	25,689,558	355	72,365	
2003	8	30,860,985	361	85,487	
2004	9	29,421,012	379	77,628	
2005	10	32,472,396	367	88,481	
		212,985,770	2,741	77,704	6.98%

B. Frequency Trend Analysis

Report Year	Years of Trend	Insured Count as of 12/31/2005	Claim Count as of 12/31/2005	Average Frequency	Trend
(7)	(8)	(9)	(10)	(11)	(12)
1996	1	3,173	206	6.4923	
1997	2	3,337	175	5.2442	
1998	3	3,501	184	5.2556	
1999	4	3,983	219	5.4984	
2000	5	4,875	232	4.7590	
2001	6	5,043	263	5.2151	
2002	7	6,319	355	5.6180	
2003	8	7,205	361	5.0104	
2004	9	7,162	379	5.2918	
2005	10	7,637	367	4.8056	
		52,235	2,741		-2.21%

0
(13) Selected: 4.62%

Notes:	
(3)	Expected Ultimate Incurred Loss for all podiatrists insured by The PICA Group
(4)	Represents experience of all Podiatrists insured by PICA
(5)	= (3) / (4)
(6)	From exponential line of best fit through (5)
(11)	= (10) / (9) * 100
(12)	From exponential line of best fit through (11)
(13)	= [(100.00% + (6))] X [(100.00% + (12)) - 100.00%

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit 8

PREMIUM ADJUSTMENT FACTOR

Report Year	Rate Change	Rate Change Factor	Cumulative Rate Change Factor	Average Earned Premium Factor	Premium Adjustment Factor
(1)	(2)	(3)	(4)	(5)	(6)
2000	3.00%	1.0300	1.0300	1.0300	1.7782
2001	3.00%	1.0300	1.0609	1.0455	1.7518
2002	10.30%	1.1030	1.1702	1.1156	1.6417
2003	18.00%	1.1800	1.3808	1.2755	1.4359
2004	15.90%	1.1590	1.6003	1.4906	1.2287
2005	9.00%	1.0900	1.7443	1.6723	1.0952
2006	5.00%	1.0500	1.8315	1.7879	1.0244
2007			1.8315	1.8315	1.0000

Notes:

(3) = 1.0000 + (2).

(4) Product of (3) for all current and prior Report Years

(5) Average of (4) for current year and first prior year. Assumes uniform distribution of renewal dates.

(6) = (5) for 2007 / (5).

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
ILLINOIS**

Appendix, Exhibit 9

DERIVATION OF CREDIBILITY WEIGHTED LOSS RATIO

Illinois Expected Loss Ratio	Country Wide Expected Loss Ratio	Credibility Factor	Illinois Credibility Weighted Expected Loss Ratio
(1)	(2)	(3)	(4)
45.8%	61.1%	34.6%	55.8%

Notes

- (1) From Table 5.
- (2) Expected Total Loss Related Ratio for all podiatrists insured by The PICA Group
- (3) From Appendix, Exhibit 4
- (4) $= (3) * (1) + [1.00 - (3)] * (2)$

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
Appendix, Exhibit 10

**ESTIMATION OF COUNTRY WIDE ULTIMATE INCURRED LOSSES
USING LOSS DEVELOPMENT METHODS**

A. PAID LOSS DEVELOPMENT METHOD

Report Year	Total Paid Loss and ALAE as of 12/31/2005	Paid Loss + ALAE Development Factor	Estimated Ultimate Loss+ALAE
(1)	(2)	(3)	(4)
2001	16,399,842	1.049	17,203,434
2002	22,563,463	1.117	25,203,388
2003	22,179,937	1.327	29,432,776
2004	12,289,048	2.148	26,396,875
2005	2,142,116	10.033	21,491,850
	<u>75,574,406</u>		<u>119,728,323</u>

B. REPORTED LOSS DEVELOPMENT METHOD

Report Year	Total Reported Loss and ALAE as of 12/31/2005	Reported Loss+ALAE Development Factor	Estimated Ultimate Loss+ALAE
(5)	(6)	(7)	(8)
2001	17,136,378	1.000	17,136,378
2002	26,843,553	1.012	26,153,676
2003	30,971,593	1.034	32,024,627
2004	25,981,895	1.083	28,138,392
2005	17,610,631	1.542	27,155,593
	<u>117,544,050</u>		<u>130,608,666</u>

Notes
(2) Direct Paid Losses & ALAE for all Podiatrists Insured by PICA
(3) Cumulative factors from Appendix, Exhibit 5
(4) = (2) * (3)
(5) Direct Reported Losses & ALAE for all podiatrists insured by PICA
(7) Cumulative factors from Appendix, Exhibit 6,
(8) = (6) * (7)

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
Appendix, Exhibit 11

**ESTIMATION OF ULTIMATE INCURRED LOSSES
USING BORNHUTTER-FERGUSON METHODS**

A. INITIAL EXPECTED LOSSES AND ALAE

Report Year	Direct Earned Premium	Initial Expected Loss + ALAE Ratio	Initial Expected Ultimate Loss+ALAE
(1)	(2)	(3)	(4)
2001	24,995,086	83.20%	20,795,895
2002	31,277,508	82.10%	25,678,834
2003	42,120,745	75.10%	31,632,679
2004	50,941,950	70.20%	35,761,249
2005	59,953,904	67.30%	40,348,977
	209,289,173		154,217,634

B. PAID BORNHUTTER-FERGUSON METHODS

Report Year	Initial Expected Ultimate Loss + ALAE	Paid Loss + ALAE Development Factor	Expected Percent of Loss + ALAE Unpaid	Expected Loss+ALAE Unpaid	Paid Loss + ALAE as of 12/31/05	Estimated Ultimate Loss + ALAE
(5)	(6)	(7)	(8)	(9)	(10)	(11)
2001	20,795,895	1.049	4.67%	971,168	16,399,842	17,371,010
2002	25,678,834	1.117	10.47%	2,688,574	22,563,463	25,252,037
2003	31,632,679	1.327	24.64%	7,704,292	22,179,937	29,974,229
2004	35,761,249	2.148	59.45%	19,114,388	12,289,048	31,403,436
2005	40,348,977	10.033	99.03%	36,326,184	2,142,116	36,468,300
	154,217,634			66,894,606	75,574,406	142,469,012

C. REPORTED BORNHUTTER-FERGUSON METHODS

Report Year	Initial Expected Ultimate Loss + ALAE	Reported Loss + ALAE Development Factor	Expected Percent of Loss + ALAE Unreported	Expected Loss + ALAE Unreported	Reported Loss + ALAE as of 12/31/05	Estimated Ultimate Loss+ALAE
(12)	(13)	(14)	(15)	(16)	(17)	(18)
2001	20,795,895	1.000	0.00%	0	17,136,378	17,136,378
2002	25,678,834	1.012	1.18%	305,578	25,040,553	26,149,131
2003	31,632,679	1.034	3.29%	1,040,715	30,571,593	32,012,308
2004	35,761,249	1.083	7.66%	2,730,312	25,981,695	29,721,207
2005	40,348,977	1.542	35.15%	14,182,665	17,610,031	31,759,296
	154,217,634			18,268,270	117,544,050	135,812,320

Notes:

- | | |
|------|---|
| (2) | Direct earned premium for all podiatrists insured by PICA |
| (4) | = (2) * (3) |
| (7) | From Column (3) of Section A of Appendix, Exhibit 10. |
| (8) | = 100.00% - [100.00% / (7)] |
| (9) | = (6) * (8) |
| (10) | From Column (2) of Section A of Appendix, Exhibit 10. |
| (11) | = (9) + (10) |
| (14) | From Column (7) of Section A of Appendix, Exhibit 10. |
| (15) | = 100.00% - [100.00% / (14)] |
| (16) | = (13) * (15) |
| (17) | From Column (6) of Section A of Appendix, Exhibit 10 |
| (18) | = (16) + (17) |

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
Appendix, Exhibit 12

DEVELOPMENT OF COUNTRYWIDE INCURRED LOSSES & ALAE
TRENDED TO A 2007 COST LEVEL

A. SELECTION OF PICA ESTIMATED INCURRED LOSSES

Report Year	Estimated Ultimate Loss + ALAE				Selected
	Paid Loss Development Method	Reported Loss Development Method	Paid Bornhuetter- Ferguson Method	Reported Bornhuetter- Ferguson Method	
(1)	(2)	(3)	(4)	(5)	(6)
2001	17,203,434	17,136,378	17,371,010	17,136,378	17,211,800
2002	25,203,388	26,153,676	25,252,037	26,149,131	25,689,558
2003	29,432,776	32,024,627	29,974,229	32,012,308	30,860,985
2004	26,396,875	28,138,392	31,403,436	28,721,207	29,421,012
2005	21,491,850	27,155,593	38,468,300	31,793,296	32,472,396
	119,728,323	130,608,666	142,469,012	135,812,320	135,655,751

B. TRENDING OF PICA INCURRED LOSSES

Report Year	Selected Estimated Ultimate Loss+ALAE	4.62% Loss + ALAE Trend Factor	Trended Estimated Ultimate Loss+ALAE
(7)	(8)	(9)	(10)
2001	17,211,800	1.342	23,098,236
2002	25,689,558	1.283	32,959,703
2003	30,860,985	1.226	37,835,568
2004	29,421,012	1.172	34,481,426
2005	32,472,396	1.120	36,369,084
	135,655,751		164,744,017

Notes	
(2)	From Section A of Appendix, Exhibit 10.
(3)	From Section B of Appendix, Exhibit 10.
(4)	From Section B of Appendix, Exhibit 11.
(5)	From Section C of Appendix, Exhibit 11.
(6)	Equal to the average of all four methods for 2001
	Equal to the average of all four methods for 2002
	Equal to the average of all four methods for 2003
	Equal to the average of all methods except Paid Loss Development for 2004-2005.
	Paid Loss Development Method appears to be biased low
(9)	Based on Item (13) from Appendix, Exhibit 7
(10)	= (8) * (9)

PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
Appendix Exhibit 13

SELECTED COUNTRYWIDE ON-LEVEL LOSS & ALAE RATIO

Report Year	Direct Earned Premium	Premium Adjustment Factor	On-Level Direct Earned Premium	Trended Estimated Ultimate Loss + ALAE	On-Level Loss + ALAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2001	24,995,066	1.638	40,941,918	23,098,236	56.42%
2002	31,277,508	1.536	48,042,252	32,959,703	68.61%
2003	42,120,745	1.336	56,273,315	37,835,568	67.24%
2004	50,941,950	1.149	58,532,301	34,481,426	58.91%
2005	59,953,904	1.053	63,131,461	36,369,084	57.61%
	209,289,173		266,921,247	164,744,017	61.72%
5 Yr Wtd Avg =					61.72%
4 Yr Wtd Avg =					62.68%
3 Yr Wtd Avg =					61.08%
Selected =					61.08%

Notes:

- (2) From Column (2) of Section A of Appendix, Exhibit 11.
- (3) From Column (6) of Appendix, Exhibit 14.
- (4) = (2) * (3)
- (5) From Column (10) of Section B of Appendix, Exhibit 12.
- (6) = (5) / (4)

**PODIATRY INSURANCE COMPANY OF AMERICA
PODIATRIC MEDICAL MALPRACTICE
DEVELOPMENT OF COUNTRY WIDE**

Appendix, Exhibit 14

COUNTRYWIDE PREMIUM ADJUSTMENT FACTORS

Report Year	Rate Change	Rate Change Factor	Cumulative Rate Change Factor	Average Earned Premium Factor	Premium Adjustment Factor
(1)	(2)	(3)	(4)	(5)	(6)
2000	-2.90%	0.9710	0.9710	0.9710	1.6675
2001	3.60%	1.0360	1.0060	0.9885	1.6379
2002	9.50%	1.0950	1.1016	1.0538	1.5364
2003	20.07%	1.2007	1.3227	1.2122	1.3357
2004	13.13%	1.1313	1.4964	1.4096	1.1486
2005	5.56%	1.0556	1.5796	1.5380	1.0527
2006	2.50%	1.0250	1.6191	1.5994	1.0123
2007			1.6191	1.6191	1.0000

Notes:

(3) = $1.0000 + (2)$.

(4) Product of (3) for all current and prior Report Years.

(5) Average of (4) for current year and first prior year. Assumes uniform distribution of renewal dates.

(6) = (5) for 2006 / (5).

**ILLINOIS DEPARTMENT OF INSURANCE
MEDICAL MALPRACTICE REPORTING
COMPANY DEFINED ITEMS**

1. FOR ALL REPORTS REQUIRING "BY COUNTY" INFORMATION, THE COMPANY MAY GROUP THE DATA BY POLICY ISSUING COUNTY OR OTHER METHOD THAT IS CONSISTENT WITH ITS RATEMAKING PRACTICES. THE COMPANY MUST IDENTIFY WHICH METHOD IS USED. THE COMPANY MUST USE A CONSISTENT METHOD TO GROUP THE DATA IN ALL "BY COUNTY" REPORTS. DATA GROUPED BY TERRITORY IS UNACCEPTABLE. DESCRIBE ANY CHANGES MADE TO THE WAY IN WHICH THE DATA HAS BEEN GROUPED DURING THE PAST TEN YEARS AND THE IMPACT OF THE CHANGE(S) ON THE REPORTS.

County location is based on policyholder location. There has been no change in this regard during the past ten years.

2. DESCRIBE ANY CHANGE(S) MADE TO RESERVING OR CLAIM PAYMENT PRACTICES IN THE PAST TEN YEARS AND THE IMPACT OF THE CHANGE(S) ON THE REPORTS.

No changes have been made to reserving or claim payment practices in the past ten years.

3. DEFINE CLOSED CLAIM, I.E., IS A CLAIM CLOSED WHEN IT IS ASSIGNED A CLOSED DATE, OR WHEN BOTH INDEMNITY PLUS EXPENSE RESERVES ARE \$0, OR IN SOME OTHER INSTANCE? DESCRIBE ANY CHANGE(S) MADE TO THIS DEFINITION IN THE PAST TEN YEARS AND THE IMPACT OF THE CHANGE(S) ON THE REPORTS.

A claim is defined to be a closed claim when it has been assigned a closed date.

4. EXPLAIN/DEFINE THE CORPORATE POLICIES WRITTEN BY THE COMPANY.

All owners in the entity must be insured with PICA and maintain the same Limits of Liability. There is no additional premium for a "shared" Limit of Liability. A separate Limit of Liability is optional for an additional 5% of the total premium charged to each insured in the corporation or partnership. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

5. EACH COMPANY SHALL USE THE BASE CLASS AND TERRITORY THAT IS CONSISTENT WITH ITS MOST RECENT RATE FILING. PLEASE DEFINE YOUR COMPANY'S BASE CLASS AND TERRITORY. DESCRIBE ANY CHANGE(S) MADE TO THE BASE CLASS AND/OR TERRITORY IN THE PAST TEN YEARS AND THE IMPACT OF THE CHANGE(S) ON THE REPORTS.

The company writes medical malpractice coverage for podiatrists only. The company has two territories for this class in Illinois. Territory 01 – All counties except Cook ; Territory 02 – Cook County There have been no changes to the base class and territory in the past ten years.

6. DESCRIBE ANY ADJUSTMENT(S) MADE TO EXPOSURES FOR EXTENDED REPORTING ENDORSEMENTS AND THE IMPACT OF THE ADJUSTMENT(S) ON THE REPORTS.

No adjustments have been made to exposures for extended reporting period endorsements. Therefore, there is no impact on the reports.

7. FOR THE MATURITY YEAR AND TAIL FACTORS DISCLOSURE, LIST EACH TAIL FACTOR WITH THE CORRESPONDING MATURITY YEAR IF A DIFFERENT TAIL FACTOR IS USED FOR EACH MATURITY YEAR. IF ANOTHER METHOD IS USED, LIST AND DESCRIBE FACTORS AND METHOD USED.

The percentages in the following Table shall be applied to the mature claims-made premium (4th year premium) in the year coverage is being purchased.

<u>Years of Prior PICA Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

8. DEFINE WHAT EXPENSES ARE INCLUDED IN THE EXPENSE FACTOR.

Expenses included in the expense factor are General administrative Expenses and Premium Taxes.

9. LIST AND DEFINE INDIVIDUALLY ANY "OTHER" FACTORS USED IN THE RATE FILING TO ESTABLISH RATES. THIS COULD INCLUDE BUT IS NOT LIMITED TO THE FOLLOWING: PROFIT LOAD, REINSURANCE LOAD, INVESTMENT INCOME, SCHEDULE DEBITS/CREDITS, ETC.

Other factors used in the rate filing to establish rates include a profit/contingency load and an estimate of investment income earned on the premiums before losses are paid.

10. DESCRIBE ANY METHODS AND/OR ASSUMPTIONS USED IN CREATING RESERVE STUDY EXHIBIT A AND WHY THESE ASSUMPTIONS ARE NECESSARY.

There are no assumptions used in creating Reserve Study Exhibit A.



RECONCILIATION

In order to reconcile the 1204 data with data contained in the most recent annual statutory financial statement, PICA has drawn entries directly from the annual statement wherever possible. Where data could not be drawn directly from the annual statement, PICA has generated reports from the database accessed for annual statement data using consistent data definitions.

To the best of our knowledge, the data contained in this report are accurate and reconcile reasonably with the most recently filed annual statutory financial statement.

A handwritten signature in blue ink, appearing to read "T. Douglas Webb", is written over a horizontal line.

T. Douglas Webb, CPA
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "John E. Daniel, FCAS, MAAA", is written over a horizontal line.

John E. Daniel, FCAS, MAAA
Chief Actuary